

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Missouri-American Water Company    )  
For a Certificate of Convenience and Necessity        )  
Authorizing it to Install, Own, Acquire, Construct,   )  
Operate, Control, Manage, and Maintain a Water       )  
System in Cole County, Missouri                        )  
**Case No. WA-2015-0108**

**STAFF’S RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and recommends that the Commission grant to Missouri-American Water Company (“MAWC” or “Company”) a Certificate of Convenience and Necessity (“CCN”) to provide regulated water services in and around a subdivision known as Redfield in Cole County, Missouri. In support of this *Recommendation*, Staff states as follows:

1. On October 29, 2014, MAWC filed its *Application and, if Necessary, Motion for Waiver* (“Application”) seeking a certificate of convenience and necessity (“CCN”) for authority to install, own, acquire, construct, operate, control, manage, and maintain a water system in Cole County, Missouri.

2. On October 30, 2014, the Commission issued its *Order Directing Notice and Setting Date for Submission of Intervention Requests.*, setting an intervention deadline of November 19, 2014. Upon receiving no intervention requests, the Commission issued its *Order Directing Filing* on November 20, 2014, ordering Staff to file a status update or its recommendation no later than December 22, 2014.

3. On December 19, 2014, Staff filed its *Status Report* and stated it would submit another status report or a recommendation by January 22, 2015. The

Commission granted this request on December 22, 2014 and ordered Staff to file a status report or its recommendation no later than January 22, 2015.

4. On January 20, 2015, Staff filed another *Status Report* and stated it would submit another status report or a recommendation by February 23, 2015. The Commission granted this request on January 23, 2015 and ordered Staff to file a status report or its recommendation no later than February 23, 2015.

5. Pursuant to Section 393.170, RSMo (2013), no water corporation shall provide service to consumers without first having obtained approval from the Commission. In determining whether or not to grant such approval, the Commission has traditionally applied the five “Tartan Energy Criteria” established in *In the Matter of Tartan Energy Company, et al.*, 3 Mo. PSC 3d 173, 177 (1994): (1) there must be a need for the service; (2) the applicant must be qualified to provide the service; (3) the applicant must have the financial ability to provide service; (4) the applicant’s proposal must be economically feasible; and (5) the service must promote the public interest.

6. As explained in the Staff *Memorandum*, attached hereto as Appendix A, Staff conducted an investigation into MAWC’s request. Based upon this review, Staff has determined that MAWC fulfills the requirements of the Tartan Energy Criteria. Accordingly, Staff asserts that granting of the CCN is necessary and convenient for the public service and is not detrimental to the public interest, and recommends approval with conditions as described in the *Staff Memorandum*.

7. The Commission need not hold a hearing if, after proper notice and opportunity to intervene, no party requests such a hearing. *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494 (Mo. App.

W.D. 1989). No party or individual has requested a hearing, so the Commission need not hold a hearing to grant a CCN to the Company.

**WHEREFORE**, Staff respectfully submits this Staff Recommendation for the Commission's information and consideration, and requests the Commission grant Missouri-American Water Company a Certificate of Convenience and Necessity, with conditions, to provide water service to the requested service area.

Respectfully submitted,

**/s/ Marcella L Mueth**  
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Attorney for the Staff of the  
Missouri Bar No. 66098

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### **CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing were mailed, electronically mailed, or hand-delivered to all counsel of record this **23rd day of February, 2015**.

**/s/ Marcella L. Mueth**

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. WA-2015-0108  
Missouri-American Water Company

FROM: Jim Merciel – Water and Sewer Unit; Case Coordinator  
Keith Foster – Auditing Unit  
Derick Miles – Engineering and Management Services Unit  
J. Kay Niemeier – Engineering and Management Services Unit

<u>/s/ Jim Merciel</u>	<u>February 23, 2015</u>
Case Coordinator	Date

<u>/s/ Kevin Thompson</u>	<u>February 23, 2015</u>
Staff Counsel	Date

SUBJECT: Staff's Recommendation to Approve a Certificate of Convenience and Necessity (Redfield)

DATE: February 23, 2015

### CASE BACKGROUND

On October 29, 2014, Missouri-American Water Company (MAWC or Company) filed an *Application and, if Necessary, Motion for Waiver* (Application) with the Commission seeking a Certificate of Convenience and Necessity (CCN) and authority to own and operate a public drinking water system and provide water service in an unincorporated area in Cole County, specifically in and around a subdivision known as Redfield. In the Application, MAWC states that it intends to provide service in the area by acquiring an existing water system that is in place serving the Redfield subdivision, which is presently owned by RMB, Inc. (RMB).

On October 30, 2014, the Commission issued its *Order Directing Notice and Setting Date for Submission of Intervention Requests* regarding the Company's Application. The Order directed the Commission's Data Center and Public Information Office to send out notices regarding the Application, and also established a deadline of November 19, 2014, for interested parties to submit requests to intervene in the case. No requests to intervene in the case were submitted to the Commission.

On November 20, 2014, the Commission issued its *Order Directing Filing* in which it directed the Staff to file a status report or a recommendation no later than December 22, 2014. On December 19,

**APPENDIX A**

2014, Staff submitted its *Status Report*, in which it stated it will file either another status report or a recommendation by January 22, 2015. On December 22, 2014, the Commission issued an *Order Directing Filing*, directing Staff to submit a status report or a recommendation by January 22, 2015. On January 20, 2015, Staff submitted another *Status Report*, stating it would file another status report or a recommendation on or before February 23, 2015. On January 23, 2015, the Commission issued an *Order Directing Filing*, directing Staff to file a status report or recommendation by February 23, 2015. This memorandum was prepared and is submitted to comply with the Commission's *Order Directing Filing* that was issued on January 23, 2015.

### **BACKGROUND OF THE UTILITY SYSTEM**

Redfield is a rural residential subdivision with a golf course along with some commercial properties. It is located southwest of the City of Jefferson City in Cole County. At present there are fifteen (15) residential customers and six (6) active commercial customers. There are a few vacant commercial units in a strip-mall type building.

Notably, MAWC owns and operates the sewer system in the Redfield area, and most of the existing water customers that MAWC would acquire in the context of this case are already MAWC sewer customers.

The water system consists of a single well with a master meter, a chlorine disinfection system, a steel standpipe storage tank, a distribution system, and water meters on customer service lines. The water system was designed and constructed in accordance with the Missouri Department of Natural Resources (DNR) *Minimum Design Standards for Missouri Community Water Systems*, referred to as the "Design Guide," and was approved for construction by DNR. There are no significant deficiencies with respect to the water system. The well pump has a rating of 250 gallons per minute (actual production volume was not observed by Staff), and the storage tank has a usable volume of approximately 23,000 gallons. These capacities are adequate for the development as it exists, with some capacity available for additional growth.

In addition to requirements of the Commission, MAWC will need to continue, or implement, system operations procedures that would comply with DNR requirements.

### **STAFF'S INVESTIGATION**

MAWC is a regulated water and sewer utility serving more than 450,000 water customers and more than 4,000 sewer customers throughout the state. It has been in business as a water utility for many decades, and over the years it has acquired some of its systems, both large and small, through various mergers and acquisitions. In recent years MAWC has acquired several small existing water and sewer systems. MAWC is a subsidiary of American Water Works Company, Inc., and is affiliated with other companies that undertake some of the tasks associated with utility service.

The Redfield water system was designed and constructed for the Redfield subdivision lots and commercial area. The service area boundary as proposed and filed by MAWC includes generally the area originally contemplated by the developer of Redfield. Staff agrees that the requested service area is reasonable, and is correctly depicted in MAWC's Appendices A and B that were submitted on November 4, 2014, as a part of its Application.

MAWC will need published tariff rules and rates in effect when it begins providing water service in the Redfield service area. In its Application, MAWC states that it intends to utilize rates and rules that are currently in effect for water service in its Jefferson City operating district, which is approved by the Commission and published as MAWC's water tariff No. 13 in the Commission's electronic filing and information system (EFIS). Existing monthly rates specific to the Jefferson City service area are included in tariff No. 13 on Sheet No. RT1.2. Staff agrees MAWC's proposal to include Redfield in its Jefferson City operations and rates is reasonable. MAWC's monthly rates for a residential customer with a 5/8" water meter are \$17.30 Monthly Service Charge, plus \$0.5714 per 100 gallons usage or \$4.274 per 100 cubic feet depending upon the volumetric unit calibration of the water meters that MAWC will use for this service area. As an example water bill, a residential customer that uses 6,000 gallons per month would have a monthly water bill of \$51.58. Commercial customers would have a larger Monthly Service Charge if they have a larger meter size, the size being dependent upon their flow capacity needs. Although water meters exist at each of the customers' locations, RMB is presently charging flat rates for water service. RMB is charging \$40 per month for residential customers and either \$60 or \$80 per month for each commercial customer.

To accomplish inclusion of the Redfield service area into MAWC's tariff No. 13, Staff recommends that the Commission authorize MAWC to submit, for its existing water tariff No. 13, the following:

- 2<sup>nd</sup> revised Sheet No. RT1.2, showing the monthly rates applicable to the existing Jefferson City service area, with identical rates as on the existing 1<sup>st</sup> Revised Sheet No. RT1.2, but would also specify applicability of the rates to include the Redfield area along with the City of Jefferson City as the Jefferson City Service Area;
- 1<sup>st</sup> revised Sheet No. CA3.1, describing the service area in written form. The new revised sheet would include the Redfield description, along with existing stated "Jefferson City and Vicinity" area; and,
- Original Sheet No. CA3.2 to include the Redfield map. This would be a new original tariff sheet because there is no existing map for the City of Jefferson City portion of the service district.

Because Redfield, as proposed, would effectively be made a part of the Jefferson City Service Area, existing Sheet No. RT9.2, specifying miscellaneous charges, will also be applicable to the Redfield portion of that service area.

These tariff provisions should be effective prior to MAWC providing service in the Redfield service area. Staff will offer to assist MAWC with the preparation of appropriate tariff sheets, if desired.

Although it is not explicitly stated in the Application, Staff anticipates that because of age and perhaps other reasons, MAWC will replace RMB's existing water meters with its own new water meters. The costs of any future capital investments including meter replacements that MAWC may wish to undertake will be studied in future rate cases filed by MAWC, and are not being included in this CCN case.

### **TECHNICAL, MANAGERIAL, AND FINANCIAL CAPACITY**

DNR reviews new proposed water system operations using, among other criteria, determination of technical, managerial and financial capacities of the operation, referred to as "TMF." These review criteria points were developed by the United States Environmental Protection Agency. Although utilized by DNR for new water systems, Staff finds the concepts of TMF useful in studying some situations involving existing water and/or sewer systems as well. Staff's TMF review is as follows:

#### **Technical Capacity**

MAWC, along with its affiliates, has experience in the design, operations and upgrades of water and sewer systems, both large and small. MAWC has a staff of professional operators, engineers, technicians, accountants and customer service specialists, including those within various supervisory levels, to undertake utility operations, and also has access to professional staff personnel of its affiliates. MAWC also utilizes contractors for various tasks primarily for extraordinary work or to supplement in-house work during unusually heavy workload times. Redfield is within reasonable working proximity to other water systems owned and operated by MAWC, specifically both a large water system serving the City of Jefferson City, a small water system in Cole County near Redfield (Lake Carmel) and numerous subdivision-size sewer systems in Cole and Callaway Counties including one that serves the Redfield subdivision. MAWC has demonstrated, over many years, its ability to operate water and sewer systems on a continual basis from a technical capacity perspective.

The Redfield water system has no serious deficiencies, although MAWC likely will undertake some relatively minor repairs and improvements to the water system. MAWC may also decide to replace some or all water meters, since the existing meters are not read, and their conditions and accuracy are unknown. Any such capital costs will be reviewed in the context of future rate cases.

#### **Managerial Capacity**

Similar to its technical capacity, MAWC's staff of professionals, along with staff associated with MAWC's affiliates, provides the ability to undertake facility operations, and handle all aspects of customer service. MAWC has, at most times over the years, demonstrated such ability with other service areas; however, Staff points out that recently MAWC has experienced some issues with

certain aspects of services provided to its customers through affiliates. MAWC utilizes a nationwide billing system and utilizes nationwide call centers through affiliates. In order to include Redfield customers into its billing and customer service systems, it will be necessary for MAWC, along with its affiliates, to properly enter Redfield customer account information into its billing system as water customers - again most or all customers are already MAWC sewer customers - to accurately apply appropriate approved water rates, and to obtain and record correct meter readings. Also, it will be necessary for MAWC or an affiliate to provide updated information to the call center personnel, and training as necessary, regarding rates and rules applicable to Redfield customers such that billings are accurate, and customer service matters are handled accurately, properly and timely.

### **Financial Capacity**

MAWC has demonstrated over many years that it has financial resources to operate utility systems that it owns, to acquire new systems, to undertake construction of new systems and expansions of existing systems, to plan and undertake scheduled capital improvements, and to timely respond and resolve emergency issues when such situations arise.

The Auditing Unit and Depreciation Unit conducted a review of plant-in-service records and expense records for the Redfield system. Attachment A, incorporated herein by reference, shows information for Redfield projected plant-in-service, depreciation reserve, Contributions in Aid of Construction (CIAC) and CIAC amortization balances as of December 31, 2014, with an estimated rate base as of that date of \$174,965<sup>1</sup>.

In regard to the matter of whether an acquisition premium exists as a result of the proposed acquisition, the purchase price being paid by MAWC is less than the net book value, as calculated by Staff for the water assets that are being acquired, and less than the rate base amount estimated by Staff. Staff recommends that the account balances shown in Attachment A to this Memorandum should be the account balances as of December 31, 2014, to be used by MAWC as of that date. However, this Staff-recommended balance could be subject to change or modification in future cases, if and when additional information becomes available.

By Commission regulations, MAWC should keep its financial records for utility plant-in-service and operating expenses in accordance with the National Association of Regulatory Utility Commission (NARUC) Uniform System of Accounts. Staff will recommend the Commission specifically require such recordkeeping requirements apply to the Redfield water service area.

The Commission's Engineering and Management Services Unit (EMSU) recommends the Commission approve the use of current water depreciation rates that were ordered by the

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<sup>1</sup> This rate base number simply reflects Staff's findings in a review, and is presented for information only. There has been no negotiation with other parties who might be interested in a rate base level and who might believe a different number is appropriate. The Staff is not recommending that the Commission make any finding on rate base level, nor make adjustments to any existing rates or charges, in this case.



Commission for MAWC in Case No. WR-2011-0337, to be applied to the Redfield water utility plant assets acquired from RMB. The depreciation rate schedule for water assets are included as Attachment B, and incorporated herein by reference.

### **CUSTOMER SERVICE AND BILLING ISSUES**

In previous CCN or transfer cases where MAWC was acquiring systems and additional customers, Staff either stipulated or recommended that MAWC undertake actions and submit reports to Staff that address a variety of customer service and billing issues. These actions and reports were stipulated or recommended in Case Nos. WM-2001-0309, WR-2003-0500 and WR-2007-0216 in order to 1) ensure transparency to the former customers during the transition period, 2) ensure the Company's billing information was accurate, 3) ensure the former customers were being properly billed and 4) ensure the Company adhered to applicable rules and regulations and its tariffs. To address these matters specifically as applicable to MAWC's adherence with the Commission's regulations pertaining to customer billing, Staff recommends that an order issued by the Commission:

- Requires MAWC to ensure adherence to Commission Rule 4 CSR 240-13.020(1) regarding the production of customer bills within a 26-35 days of service billing period within thirty (30) days of the Commission order approving the Application;
- Requires MAWC to distribute to Redfield customers, prior to the first billing from MAWC that includes water service, an informational brochure pertaining to water service, detailing the rights and responsibilities of the utility and its customers consistent with the requirements of Commission Rule 4 CSR 240-13(3);
- Requires MAWC to include the Redfield customers along with existing customers for its monthly reporting to the EMSU staff for 1) Average Abandoned Call Rate, 2) Average Speed of Answer, 3) 1st Call Effectiveness, 4) Average Customer Response Time, 5) Call Volumes, 6) Call Center Staffing, 7) Call Center Staffing Levels, including job titles and the number of people employed in each category, 8) the number of actual monthly meter reads in total and by district, 9) the number of monthly estimated meter reads, 10) the number of consecutive estimated reads and 11) the meter reader staffing levels;
- Requires MAWC to provide adequate training necessary for the correct application of rates and rules that result from the issuance of this CCN to all customer service representatives prior to the Redfield customers receiving their first bill that includes water service from MAWC;
- Requires MAWC to provide to the EMSU staff on a monthly basis a document detailing the bills to Redfield customers that were issued for greater than thirty-five (35) days of service;

- Requires MAWC to provide to the EMSU staff, within thirty (30) days after billing, a sample of five (5) billing statements of residential customers and five (5) billing statements of commercial customers of its first month bills issued to the Redfield customers, in order to check for accuracy.

In Case No. WC-2014-0138, a complaint filed by the Office of the Public Counsel against MAWC on November 13, 2013, and subsequently consolidated with 25 formal complaints filed by individual customers regarding similar service issues in MAWC's Stonebridge service area, Staff was made aware of customer service and billing issues. There were twenty (20) recommendations made to MAWC in Staff's Report filed March 14, 2014.

Staff wants to ensure that the Redfield customers are accurately billed by the Company, and for this reason recommends the Commission order MAWC to require these actions and reports to apply to the Redfield service area as well as to MAWC's existing service areas.

### **THE TARTAN ENERGY CRITERIA**

As is customary with most cases involving a new CCN, Staff is using criteria similar to that which was studied by the Commission in a past CCN case that was filed by the Tartan Energy Company to justify granting a CCN, as follows:

#### **Is there a need for service?**

Yes, there is a need for service, in that residential customers desire and need water service. Additionally, proper operation and upkeep of the existing water system is necessary in order that customers will have safe and adequate service, and to maintain compliance with drinking water regulations.

#### **Is the Company qualified to provide the service?**

Yes, MAWC is qualified to provide the service, as is demonstrated by its providing the same or similar service in other areas of Missouri. Staff has determined that MAWC is able to assume operations of the existing water system, and is capable of undertaking necessary future improvements for continued operations of the systems.

#### **Does the Company have the financial ability to provide the service?**

Yes, MAWC has demonstrated that it has sufficient financial resources, and is able to evaluate the costs of alternatives when undertaking operations and capital improvements.

**Is the Company’s proposal economically feasible?**

Yes, the proposal is economically feasible, based on Staff’s overall evaluation and MAWC’s ability to combine the proposed operation into its existing operations.

**Does the Company’s proposal promote the public interest?**

Yes, MAWC’s proposal to acquire the responsibility from current owners and provide future service promotes the public interest.

**Could the service be provided by another entity?**

Except for RMB as the current owner of the water system, there are no other entities readily available to provide service. RMB desires that the systems be transferred to MAWC, and that it be relieved of the responsibilities associated with water service in this area.

**OTHER ISSUES**

MAWC is current on its annual reports through calendar year 2013, and is current on annual assessment payments through the third quarter of FY-2015.

MAWC is involved with a number of other pending cases before the Commission, as follows:

- WC-2015-0171 - Formal Complaint (Westmoreland)
- SA-2015-0150 - CCN for service area of the City of Arnold
- SC-2015-0139 - Formal Complaint (Grady)
- SA-2015-0065 - CCN for service area of the Benton County Sewer District No. 1
- WO-2014-0362 - Staff Investigation into the Adequacy of the Call Centers
- WC-2014-0260 - Formal Complaint (City of Houston Lake)
- WC-2014-0161 - Formal Complaint (Smith)
- WC-2014-0138 - Formal Complaint (Office of the Public Counsel on billing matters, consolidated with a number of individual formal complaints)

Approval of a CCN for the Redfield service area will have no direct impact upon any of the other pending cases, and any action with regard to pending cases would have no direct impact upon approval of a CCN in this case.

**CERTIFICATE OF CONVENIENCE AND NECESSITY**

MAWC will need to hold a CCN and have appropriate tariff sheets in effect when it closes and acquires the Redfield water utility assets, and actually begins providing service to customers. Therefore, Staff recommends that the Commission immediately grant MAWC a CCN for a service

area as requested, the exercise of which MAWC may begin upon acquisition of the Redfield water utility assets. Staff recommends that MAWC be required to notify the Commission within five (5) business days after closing takes place. If such transfer does not take place within thirty (30) days after the effective date of a Commission order approving a CCN, then MAWC should submit a status report within five (5) days following that period of time regarding closing of assets, as well as further status reports within five (5) days of each thirty (30) day period following that as necessary. In the event that MAWC determines that closing will not take place at all and it thus will not be providing service in the Redfield service area, then MAWC shall notify the Commission of such, at which time the CCN issued to MAWC for the Redfield service area should be either canceled or deemed null and void by the Commission.

Staff recommends that MAWC be authorized to file water tariff sheets, as described above in this memorandum, regarding service area, and rates, in its existing water tariff No. 13. Staff recommends that such a filing should occur no later than thirty (30) days after the effective date of the Commission's order approving a CCN, with 30-day notice, but should be filed with sufficient time prior to closing on the assets such that the tariffs may become effective before closing occurs, since MAWC should not provide water service in the Redfield service area until such tariff sheets are in effect. Staff notes that MAWC could seek expedited treatment if the closing of assets is expected to occur earlier than filed tariff effective dates. In the event that such tariff sheets are filed and go into effect for the Redfield service area, and MAWC subsequently determines that it will not be able to close on the water utility assets and will not be providing service in the Redfield service area, then the Commission should require MAWC to file appropriate replacement sheets to delete the service area from the tariff.

### **STAFF'S FINDINGS & CONCLUSIONS**

Staff takes the position that approval of a CCN for MAWC to provide water service in the Redfield service area is in the public interest. The current owner of the assets, RMB, wishes to transfer the assets to MAWC, and MAWC has adequate technical, managerial, and financial capacity to operate and maintain the facilities and provide service to customers.

### **STAFF'S RECOMMENDATIONS**

Based upon the above, the Staff recommends that the Commission issue an order that:

- a. Approves the CCN for MAWC to provide water service, under conditions as described within this memorandum and following;
- b. Requires MAWC to notify the Commission of closing of the assets within five (5) days after such closing;
- c. Authorizes MAWC to submit new tariff sheets as described within this memorandum no later than thirty (30) days following the effective date of an order approving the CCN, as

- 30-day filings, to become effective prior to closing on the assets, for its existing water tariff No. 13, depicting the Redfield service area with a written description that is consistent with that as included with the supplement to the Application, a map that is consistent with that as shown by the supplement to the Application, and a modified rate sheet for the Jefferson City Service Area that retains existing monthly rates;
- d. If closing does not take place within thirty (30) days following the effective date of the Commission's order, requires MAWC to submit a status report within five (5) days after this 30-day period regarding the status of closing, and additional status reports within five (5) days after each additional 30-day period, until closing takes place, or until MAWC determines that closing will not occur;
  - e. Requires MAWC, if it determines that closing will not occur, to notify the Commission of such, after which time the Commission may cancel, or deem null and void, the CCN issued to MAWC, and order replacement of any tariff sheets specifically applicable to the Redfield service area that may have become effective;
  - f. Authorizes MAWC to utilize and apply depreciation rates as shown in Attachment B;
  - g. Requires MAWC to keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts;
  - h. Requires MAWC to keep operations records including but not limited to those for customer complaints/inquiries, meter placement and replacement/testing, vehicle, equipment and telephone use records, and customer account records;
  - i. Makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the granting of the subject Certificate, including expenditures related to the certificated service area, in any later proceeding;
  - j. Requires MAWC to ensure adherence to Commission Rule 4 CSR 240-13,020(1) regarding the production of customer bills within a 26-35 days of service billing period within thirty (30) days of the Commission order approving the Application;
  - k. Requires MAWC to distribute to Redfield customers an informational brochure detailing the rights and responsibilities of the utility and its customers, prior to the first billing from MAWC that includes water billing, consistent with the requirements of Commission Rule 4 CSR 240-13(3);
  - l. Requires MAWC to include the Redfield customers along with existing customers for its reporting to the EMSU staff for 1) Average Abandoned Call Rate, 2) Average Speed of Answer, 3) 1<sup>st</sup> Call Effectiveness and 4) Average Customer Response Time, 5) Call

- Volumes, 6) Call Center Staffing and 7) Call Center Staffing Levels, 8) the number of actual monthly meter reads in total and by district, 9) the number of monthly estimated meter reads, 10) the number of consecutive estimated reads, and 11) the meter reader staffing levels;
- m. Requires MAWC to provide adequate training to all customer service representatives prior to the Redfield customers receiving their first bill that includes water service from MAWC;
  - n. Requires MAWC to provide to the EMSU staff on a monthly basis a document detailing the bills to Redfield customers that were issued for greater than thirty-five (35) days of service; and,
  - o. Requires MAWC to provide to the EMSU staff within thirty (30) days after billing a sample of ten (10) billing statements, five (5) for residential customers and five (5) for commercial customers, of its first month bills issued to the Redfield customers.

Staff will file a further recommendation regarding approval of the tariff sheets that MAWC will be submitting in accordance with the Commission's order granting the CCN.

List of Attachments:

- Attachment A – Auditing Unit Plant-in-Service Balances
- Attachment B – Depreciation Accrual Rates for Water Plant

Redfield Water  
WA-2015-0108  
Rate Base

Source: Redfield Water System Asset List, Invoices, and Depreciation Unit Depreciation Schedule

**Rate Base**  
**As of 12/31/2014**

**Water**

Plant in Service	\$239,951
Depreciation Reserve	(\$64,986)
Contributions in Aid of Construction (CIAC)	0
CIAC Amortization	0
Customer Deposits	<u>0</u>
<b>Net Rate Base</b>	<b>\$174,965</b>

**MISSOURI AMERICAN WATER COMPANY - Water  
SCHEDULE of DEPRECIATION RATES**

WA-2015-0108

**DIVISIONS: ALL**

<b>NARUC USOA ACCOUNT NUMBER</b>	<b>ACCOUNT DESCRIPTION</b>	<b>% DEPRECIATION RATE</b>	<b>AVERAGE SERVICE LIFE (YEARS)</b>	<b>IOWA CURVE</b>	<b>% NET SALVAGE</b>
<b>Source of Supply</b>					
311.0	Structures & Improvements	2.36	55	R4	-30
312.0	Collecting & Impoundment Reservoirs	1.25	80	R2.5	0
313.0	Lake, River & Other Intakes	1.77	65	R1.5	-15
314.0	Wells & Springs	1.82	55	R2.5	0
315.0	Infiltration Galleries and Tunnels	1.67	60	R2.5	0
316.0	Supply Mains	1.79	70	R3	-25
317.0	Miscellaneous Source of Supply - Other	4.00	25	SQ	0
<b>Pumping Plant</b>					
321.0	Structures & Improvements	1.80	75	R2.5	-35
322.0	Boiler Plant Equipment	2.22	45	R4	0
323.0	Power Generation Equipment	2.00	50	R3	0
324.0	Steam Pumping Equipment	2.62	42	R1.5	-10
325.0	Electric Pumping Equipment	2.62	42	R1.5	-10
326.0	Diesel Pumping Equipment	2.62	42	R1.5	-10
327.0	Hydraulic Pumping Equipment	2.62	42	R1.5	-10
328.0	Other Pumping Equipment	2.62	42	R1.5	-10
<b>Water Treatment Plant</b>					
331.0	Structures & Improvements	1.69	80	R3	-35
332.0	Water Treatment Equipment	2.89	45	R2.5	-30
333.0	Miscellaneous Water Treat, Other	3.33	30	SQ	0
<b>Transmission and Distribution</b>					
341.0	Structures & Improvements	2.40	50	R2.5	-20
341.1	Structures & Improve - Special Crossing	N/A	N/A	N/A	N/A
342.0	Distribution Reservoirs & Standpipes	2.25	60	R3	-35
343.0,1,2,3	Transmission & Distribution Mains	1.39	90	R2.5	-25
344.0	Fire Mains	1.56	80	S1	-25
345.0	Customer Services	2.92	65	S0.5	-90
346.0	Customer Meters	2.40	40	R1	4
347.0	Customer Meter Pits & Installation	2.40	40	R1	4
348.0	Fire Hydrants	1.85	65	R1.5	-20
349.0	Misc Trans & Dist - Other	2.00	50	R3	0
<b>General Plant</b>					
390.0	Structures & Improve - Shop & Garage	2.40	50	R3	-20
390.9	Structures & Improve - Leasehold	5.00	20	R4	0
391.0	Office Furniture	5.00	20		0
391.1	Computer & Peripheral Equipment	20.00	5		0
391.2	Computer Hardware & Software	20.00	5		0
391.3	Other Office Equipment	6.67	15		0
391.4	BTS Initial Investment	5.00	20		0
392.1	Transportation Equipment - Light trucks	11.25	8	L1.5	10
392.2	Transportation Equipment - Heavy trucks	10.00	9	L2	10
392.3	Transportation Equipment - Autos	18.00	5	L2	10
392.4	Transportation Equipment - Other	5.67	15	S2.5	15
393.0	Stores Equipment	4.00	25		0
394.0	Tools, Shop, Garage Equipment	5.00	20		0
395.0	Laboratory Equipment	6.67	15		0
396.0	Power Operated Equipment	7.73	11	L1.5	15
397.1	Communication Equip - Non Telephone	6.67	15		0
397.2	Communication Equip - Telephone	10.00	10		0
398.0	Miscellaneous Equip	6.67	15		0
399.0	Other Tangible Equipment	5.00	20		0



**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of Missouri- )  
American Water Company for a Certificate of )  
Convenience and Necessity Authorizing it to )  
Install, Own, Acquire, Construct, Operate, )  
Control, Manage and Maintain a Water System )  
in Cole County, Missouri. )

File No. WA-2015-0108

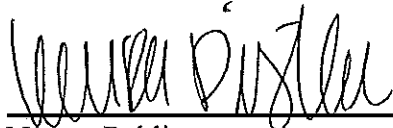
**AFFIDAVIT OF JAMES A. MERCIEL, JR., P.E.**

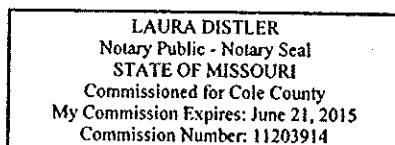
STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )

James A. Merciel, Jr., P.E., of lawful age, on his oath states: (1) that he is the Assistant Manager – Engineering in the Water and Sewer Unit of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Staff's Recommendation*, in memorandum form; (3) that certain information in the *Staff's Recommendation* was provided by him; (4) that he has knowledge of matters set forth in the *Staff's Recommendation*; and (5) that such matters set forth in the *Staff's Recommendation* are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
James A. Merciel, Jr., P.E.

Subscribed and sworn to before me this 23<sup>rd</sup> day of February 2015.

  
\_\_\_\_\_  
Notary Public



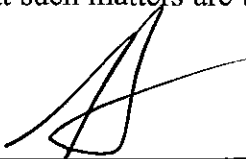
**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of the Application of Missouri- )  
American Water Company for a Certificate ) File No. WA-2015-0108  
of Convenience and Necessity Authorizing it )  
to Install, Own, Acquire, Construct, Operate, )  
Control, Manage and Maintain a Water )  
System in Cole County, Missouri )

AFFIDAVIT OF KEITH D. FOSTER

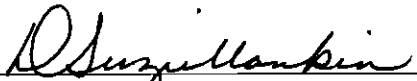
STATE OF MISSOURI     )  
                                  )     ss.  
COUNTY OF COLE     )

Keith D. Foster, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Recommendation in memorandum form and Attachment A, to be presented in the above case; that the information in the Staff Recommendation and Attachment A, was developed by him; that he has knowledge of the matters set forth in such Staff Recommendation and Attachment A; and that such matters are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
KEITH D. FOSTER

Subscribed and sworn to before me this 23<sup>rd</sup> day of February, 2015.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 12, 2016 Commission Number: 12412070
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\_\_\_\_\_  
Notary Public

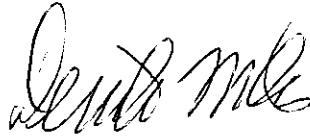
**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of the Application of Missouri- )  
American Water Company for a Certificate ) File No. WA-2015-0108  
of Convenience and Necessity Authorizing it )  
to Install, Own, Acquire, Construct, Operate, )  
Control, Manage and Maintain a Water )  
System in Cole County, Missouri )

AFFIDAVIT OF DERICK MILES, PE

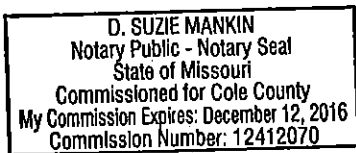
STATE OF MISSOURI     )  
                                  )     ss.  
COUNTY OF COLE     )


Derick Miles, PE, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Recommendation in memorandum form and Attachment B, to be presented in the above case; that the information in the Staff Recommendation and Attachment B, was developed by him; that he has knowledge of the matters set forth in such Staff Recommendation and Attachment B; and that such matters are true and correct to the best of his knowledge and belief.



\_\_\_\_\_  
DERICK MILES, PE

Subscribed and sworn to before me this 23<sup>rd</sup> day of February, 2015.



  
\_\_\_\_\_  
Notary Public

